

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1837 - SB 1495

March 28, 2011

SUMMARY OF BILL: Authorizes municipal electric systems to provide cable, two-way video transmission, video programming, internet, or other like services within any area not more than 10 miles beyond the outer perimeter of the system service area.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- According to a 2008 Report on Tennessee Municipal Electric Systems Authorized to Provide Cable Services issued by the Comptroller, there are 12 municipal governments offering cable, two-way video transmission, video programming, internet, or other like services to approximately 48,710 customers.
- The total number of customers currently served by municipal electric systems is unknown but is estimated to be approximately 50,000.
- Based on a limited survey of municipal electric systems, the average rate for services assessed to customers is estimated to be \$100.
- Extending each municipal electric system's service area by 10 miles will incorporate an unknown number of potential customers into the system's service area. Estimate assumes a 10 percent increase to the number of customers served by each system resulting 5,000 new customers statewide.
- Although additional customers will result in an increase to local revenue of approximately \$500,000 (5,000 customers x \$100), expenditures related to the development and maintenance of the infrastructure necessary to service new customers is estimated to be equal to or exceed any increase in revenue.

HB 1837 - SB 1495

- Municipal electric systems seeking to extend existing service areas will experience an increase to revenue as a result of new customers but will be required to develop infrastructure to service additional customers and maintain such infrastructure for future use thereby increasing one-time and recurring expenditures resulting in a net impact to local governments that is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/agl